

VZCZCXRO3615
RR RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN
DE RUEHTO #0442/01 1030559
ZNR UUUUU ZZH
R 130559Z APR 07
FM AMEMBASSY MAPUTO
TO RUEHC/SECSTATE WASHDC 7139
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
RUEHLMC/MILLENNIUM CHALLENGE CORP 0190
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEHC/DEPT OF LABOR WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 MAPUTO 000442

SIPDIS

SIPDIS

AF/S FOR CKARBER AND JMALONEY
JOHANNESBURG FSC FOR RDONOVAN
JOHANNESBURG TDA FOR DSHUSTER
USDOC FOR RTELCHIN
MCC FOR SGAULL
USAID FOR AFR/SA

E.O. 12958: N/A

TAGS: [ECON](#) [EAID](#) [EMIN](#) [ENRG](#) [EINV](#) [ETRD](#) [MZ](#)

SUBJECT: March Economic Digest

MAPUTO 00000442 001.2 OF 002

¶1. This is a brief summary of significant economic developments in Mozambique during March 2007. This issue has a strong mining theme. We provide it as a supplement to our other reporting. The items discussed are:

- CVRD to Begin Development of Moatize Coal Mine by June
- Tantalum Mine Expands Operations
- BHP Billiton Obtains Power for Chibuto Titanium Project
- Canadian Company Finds Uranium in northern Mozambique
- National Micro-Bank Opens; BCI Fomento to Expand
- Petrobras and ENI to Build Bio-fuel plants
- Japan to Reconstruct Roads, Finance Water Supply

CVRD to Begin Development of Moatize Coal Mine by June

¶2. The Minister of Mineral Resources, Esperanca Bias, announced on March 28 that the giant Brazilian firm Companhia Vale do Rio Doce (CVRD) will begin developing the Moatize coal project by the end of June 2007. The mine, located in Tete province in central Mozambique, is thought to have reserves of more than 2.4 billion tons of coal. Estimates are that CVRD will export 10-12 million tons per year. According to Galib Chaim, General Director of CVRD-Mozambique, the mine should start exporting coal by May ¶2010. Non-export quality coal will be used to fire a new thermal power station; CVRD is currently looking for a preferred partner to construct and run the thermal power station, which will produce approximately 1500 MW of energy.

Tantalum Mine Expands Operations

¶3. Noventa, parent company of Highland African Mining, announced that it expects to reach 300,000 pounds per annum production at its tantalum mining operation at Marropino, Zambezia province, by the second quarter of 2007. Highland

African Mining is developing a second mining project for morganite at a nearby deposit in Morrua.

BHP Billiton Obtains Power for Chibuto Titanium Project

¶4. This March the Chibuto "heavy sands" titanium mining project moved one step further towards realization when BHP Billiton received a power supply guarantee. A company named Motraco will supply the majority of the project's power needs, with Mozambique's electricity parastatal, Electricidade de Mocimboa (EdM), making up the difference. Motraco is a consortium formed jointly by Eskom (South Africa), EdM and the Swaziland energy company, Swazi Electricity Board (SEB), and already supplies energy to BHP Billiton's huge Mozal aluminum smelter outside Maputo. BHP Billiton owns the exploration rights for the Chibuto deposit, and plans to set up an iron ore and titanium processing plant on site. Current estimates are that the project will use a minimum of 113 megawatts of power.

Canadian Company Finds Uranium in northern Mozambique

¶5. The Canadian company Helio Resource Corporation (HRC) announced on March 26 that new high resolution airborne magnetic and radiometric data confirmed the presence of two large uranium anomalies within HRC's concession area in northern Mozambique. The data was collected in a recent World Bank-funded airborne geophysical survey of Mozambique. The next step is further exploration, including ground work to verify the cause of the anomalies.

National Micro-Bank Opens; BCI Fomento to Expand

MAPUTO 00000442 002 OF 002

¶6. On March 8 the self-described first national micro-bank in Mozambique opened in Moamba, a small town 30 miles from Maputo. The new bank, Microbanco Malanga, is owned by a group of private Mozambican businessmen and financed by the government's rural credit program. The government program provided Microbanco Malanga with USD 625,000 in capital.

¶7. In other banking news, Mozambique's second largest private financial institution, BCI Fomento, announced on March 12 that it will open 15 new branches throughout the interior over the next two years. BCI Fomento currently has 38 branches throughout the country. The bank's current capital is valued at over USD 12 million. BCI Fomento is majority owned by the Portuguese state bank Caixa Geral de Depositos and the private Portuguese Banco Portugues de Investimento (BPI).

Petrobras and ENI to Build Bio-fuel plants

¶8. The Brazilian company Petrobras and the Italian firm ENI signed a partnership agreement in March for the development of bio-fuel production facilities in Mozambique. According to Petrobras, Mozambique and Angola were chosen for the first stage of this project because the two companies are already active in both countries (they mine coal in both nations). The companies intend to produce ethanol from sugar cane and bio-diesel from other inputs. The amount of investment and number of projects is not yet decided.

Japan to Reconstruct Roads, Finance Water Supply

¶9. Japan will provide USD 28 million to reconstruct the road linking Montepuez in Cabo Delgado province with Lichinga, capital of Niassa province. Japanese assistance

will pay to pave the road and to construct several concrete bridges. In addition, the project calls for the construction of draining structures, reopening gutters and other work designed to protect against erosion.

¶10. On March 20 Japan signed a second agreement with the Maputo Municipal Council for the construction of eleven boreholes to supply water to city outskirts. The project, which will benefit approximately 4,000 families in Maputo's Fifth District, will cost almost USD 90,000, and includes community education on maintenance of the pumps. This project brings water to families currently not reached by the city's water system.

Dudley